

By Speed Post

F.No 13016/84/2006-CA-I
Government of India
Ministry of Coal

.....

New Delhi, dated 21st February, 2013

To

1. The Chairman-cum-Managing Director
M/s Tamil Nadu Electricity Board,
NPKRR, Malligai, Electricity Avenue,
800, Anna Salai, Chennai-600002.
2. The Managing Director,
M/s Maharashtra State Mining Corporation Ltd,
Udyog Bhavan, 3rd Floor, Civil Lines,
Nagpur-440001.

Sub: Introduction and submission of Bank Guarantee in respect of Gare Palma Sector-II Coal block allocated to M/s Tamil Nadu Electricity Board and M/s Maharashtra State Mining Corporation Ltd.

Sir,

I am directed to refer to Ministry of Coal's allocation letter No 13016/23/2006-CA-I dated 02.08.2006 (**Annexure-I**) and to this Ministry's show cause notice number 13011/44/2012-CA-I dated 4th May 2012 (**Annexure-II**) and to your reply to the show cause notice, your presentation made / documents before the Inter-Ministerial Group (IMG) in respect of **Gare Palma Sector-II** coal block and the status note on the development of the block prepared by Coal Controller and Ministry of Coal on the above subject.

2. **Gare Palma Sector-II** coal block was allocated vide letter No. 13016/23/2006-CA-I dated 02.08.2006 in pursuance of Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act, 1973 to **M/s Tamil Nadu Electricity Board and M/s Maharashtra State Mining Corporation Ltd.** subject to the terms and conditions of the said allocation letter.

In the allocation letter it has been clearly mentioned that any violation of the conditions imposed in mining and disposing of coal from the **Gare Palma Sector-II** coal block will render the mining lease liable for cancellation.

3. The progress of allocated coal block as well as linked/associated end use project has been reviewed by the Ministry through an Inter-Ministerial Review Committee from time to time wherein the allocatee company give presentation in respect of the development made by the company with reference to the milestones prescribed in the allocation letter during which it was noted as following:-

i) In the review meeting held on 25/26.03.2008 it was noticed that the joint venture has not been formed. The allocatees failed to indicate definite programme for exploration and dates for finalization of JV, signing of MoU and JVA.

ii) In the review meeting held on 22/23.06.2009 it was noticed that the allocatees have not yet obtained PL for exploration of inspite of the passage of almost three years. It was observed that no serious efforts have been made by the allocatees to develop the block as per milestone chart. In the meeting it was directed that the JV should be completed by 15.07.2009.

iii) In the review meeting held on 20/21.07.2010 it was noticed that no serious efforts have been made to develop the block even after repeated assurances tendered by the companies during the period. It was noted that all the milestones were pending.

iv) In the review meeting held on 11/12.01.2012 it has been noticed that no serious efforts have been made to develop the coal block, even after repeated assurances tendered by the allocatees during the period. It was also noted that all the important/critical milestones such as grant of previous approval, Forest Clearance, EMP, Mining Lease and Land Acquisition were pending. The companies were issued the show cause notice vide this Ministry's letter No. 13016/44/2012-CA-I dated 4th May, 2012. The companies furnished their reply to the show cause notice.

4. In the meantime, the Government has set up an Inter-Ministerial Group (IMG) on 21.06.2012 under the Chairpersonship of Additional Secretary (Coal), Ministry of Coal having members from Ministry of Power, Ministry of Steel, Ministry of Commerce & Industry, Department of IPP, Ministry of Law and Justice, Department of Legal Affairs, Department of Economic Affairs. The IMG has been given the mandate to review the progress of development of allocated coal blocks and associated end use projects and to recommend action including de-allocation, if required.

5. The case of the allocatee company was referred to the IMG. Accordingly, the IMG gave an opportunity to the allocatee companies to make the presentation before it on the progress of development of allocated coal blocks and associated end use project. The representatives of the allocatee company gave presentation on 9th October, 2012 before the IMG. The IMG considered the presentation, the status note of the **Gare Palma Sector-II** coal block and associated EUP prepared by Ministry of Coal and Coal Controller's Organization (**Annexure-III**). The progress of development of the block with reference to the milestones and their achievement is as under:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM as on 06/2012	Remarks
Purchase of GR	2.11.2008 (27 Months)	Pending	3Yrs 7 Months	Due to regionally explored
Submission of Bank Guarantee	NA	-		BG introduce from June '2007 for govt Block.
Mining Lease Application	2.2.2009 (3 months from GR)	Pending	3Yrs 4 Months	



Submission of Mining Plan	2.5.2009 (6 months from GR)	Pending	3Yrs 01 Month	
Approval of Mining Plan	2.7.2009 (8 months from GR)	Pending	2Yrs 11 Months	
Application of Previous approval	2.9.2009 (10 months from GR)	Pending	2Yrs 9 Months	
Granting of Previous approval	2.10.2009 (11 months from GR)	Pending	2Yrs 8 Months	
Application of Forest clearance	2.11.2009 (12 months from GR)	Pending	2Yrs 7 Months	
Grant of Forest Clearance	2.5.2010 (18 months from GR)	Pending	2Yrs 01 Month	
Application EMP Clearance	2.11.2009 (12 months from GR)	Pending	2Yrs 7 Months	
Grant of EMP Clearance	2.5.2010 (18 months from GR)	Pending	2Yrs 01 Months	
Grant of Mining Lease	2.11.2010 (24 months from GR)	Pending	1Yr 7 Months	
Application of Land Acquisition	2.6.2010 (19 months from GR)	Pending	2Years	
Completion of Land Acquisition	2.11.2011 (36 months from GR)	Pending	8 Months	
Application for opening permission	2.3.2012 (40 months from GR)	Pending	4 Months	
Grant of Opening permission	2.4.2012 (41 months from GR)	Pending	3 Months	
Production	2.5.2012 (42 months from GR)	Pending	2 Months	Considering that prod. from OC will be started first.

6. After detailed deliberations, the IMG observed as under:

"M/s Maharashtra State Mining Corporation & Tamil Nadu State Electricity Board (Gare Pelma Sector-II)

The IMG considered the terms and conditions of allocation, the show cause notice issued, the reply and the presentation made by the company along with the status paper placed before the IMG. The IMG noted that 6 years have elapsed from the date of allotment i.e. 2.8.2006. IMG also noted that this is a regionally explored block and application for Prospecting Licence (PL) was submitted on 28.2.2008 by MSMCL. IMG noted that prospecting could subsequently be taken up without PL as MECL was engaged for the prospecting work. The exploration of the block has been completed and GR received from MECL on 16.8.2012. The allocatee company is in the process of preparing the mining plan. During presentation and in the reply to the show cause notice, the allocates informed that they have made a JV Maha Tamil Colliery Ltd. (MTCL), which has selected MDO on 3.8.2011 through competitive bidding for development and operation of this coal block who shall also simultaneously set up an end-use power plant based on the coal excavated from this block. CA

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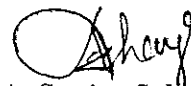
certificate has not been submitted by the allocatees, however, in their reply they have intimated total expenditure of Rs. 49.46 crore. In addition to this the MDO is stated to have incurred an expenditure of about Rs. 145.72 crore. At the time of presentation the major part of expenditure was reported on earnest money deposited to MTCL and technical know-how. The company argued that the entire delay was not attributable to them and they assured that they will be in a position to open the mine by December 2015 whereas the normative date of production in terms of the allocation letter was 2.5.2012.

IMG noted that this is a regionally explored block and the allocatee has now completed exploration. It was further noted that the size of the block is fairly large, i.e., measuring 25.83 sq. kilometers requiring a drilling of 188 numbers of boreholes with a total drilling requirement of 74,000 meters. IMG noted that as per terms and conditions of allocation any slippage pertaining the period of 27 months allowed for exploration would render the allocation liable for cancellation and withdrawal of block from the allocatee. However, taking into account all factors, the IMG did not consider it appropriate to recommend de-allocation of the coal block at this stage and recommended that the allocatee may be permitted to continue holding the block only on submission of BG equivalent to one year royalty for adherence to milestones. IMG further recommends that the BG may be submitted within a period of three months from the date of issue of letter in this regard failing which the block may be de-allocated.

7. The recommendation of the IMG has since been considered and accepted by the Government.

8. Accordingly, **the allocatee companies through its JV Company are directed to submit a Bank Guarantee (BG) for an amount of Rs.211.456 crore (Rupees Two hundred eleven crores and forty five lakhs and sixty thousand only)** to the Coal Controller's Organisation, Kolkata within a period of three months, failing which the block may be de-allocated. (BG calculation sheet of CCO is at **Annexure-IV**)

Yours faithfully,



(A. Sanjay Sahay)

Under Secretary to the Govt. of India

Copy to:-

1. The Chief Secretary, Government of Tamil Nadu, Secretariat, Chennai.
2. The Chief Secretary, Government of Maharashtra, Mantralaya, Mumbai-400032..
3. The Chief Secretary, Government of Chhattisgarh, Dau Kalyan Singh Bhavan, Mantralaya, Raipur, Chhattisgarh.
4. The Secretary, Ministry of Power, Shram, Shakti Bhawan, New Delhi.
5. The CMD, Coal India Limited, 10, Netaji Subash Road, Kolkata.
6. The Coal Controller's Organisation, 1, Council House Street, Kolkata with the direction to take follow up action to receive the bank guarantee as mentioned above
- ✓ 7. NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.

New Delhi, the 2nd August, 2006.

To

1. Secretary, Industries,
Government of Maharashtra,
Mantrayala, Mumbai

2. The Chairman,
Tamil Nadu State Electricity Board,
Chennai

Subject: Regarding Gare Pelma Sector II coal block in the State of Chhattisgarh basis to Tamil Nadu State Electricity Board (TNEB) and Maharashtra State Mining Corporation Limited (MSMCL)

Sir,


I am directed to refer to Secretary, Industries, Government of Maharashtra's letter No. NMN-1005/CR-998/IND9 dated 10.01.2006 and Chairman, TNEB letter No. CE/Coal/EA/Captive Mine/D-2009/5 dated 04.10.2006 on the above subject and to convey the 'in principle' approval of the Central Government to the working of **Gare Pelma Sector II** coal block by the Tamil Nadu State Electricity Board (TNEB) and M/s Maharashtra State Mining Corporation Limited (MSMCL), under the Government Company dispensation in pursuance of Section 3(3)(a)(i) of the Coal Mines (Nationalisation) Act 1973 subject to the following conditions:

- (i) Coal Mining shall be carried out by **TNEB and M/s MSMCL** or a separate company to be created with participation of **TNEB and M/s MSMCL** provided that the separate created company is a Government company eligible to do coal mining as per the provisions of the Coal Mines (Nationalisation) Act, 1973.
- (ii) M/s MSMCL will be entitled to a share of 175 million tonnes of coal from this block.
- (iii) The allocatee will do coal mining in accordance with the provisions of the Coal Mines (Nationalisation) Act, 1973, the Mines and Minerals (Development & Regulation) Act, 1957, the Contract Labour (Regulation & Abolition) Act, 1970, all the mineral, environmental and labour laws alongwith other regulations governing coal industry.
- (iv) The allocatee would do mining of coal from the allocated block in accordance with a mining plan approved by the Central Government.
- (v) The mining lease will be executed between the State Government and the allocatee as per the provisions of MMDR Act 1957 and the rules framed thereunder.
- (vi) The exploration of the coal block shall be done either through CMPDIL or under the direct supervision of CMPDIL. Prospecting license shall be applied for within three months of date of allotment and the detailed exploration shall be completed at the earliest. After the detailed exploration is completed the allocatee of the block shall proceed for ensuring earliest commencement of production. The milestone chart appended shall be adhered to. Any slippage would render this allocation liable for cancellation, and withdrawal of block from the allocatee
- (vii) Whether the block could be operated as one mine or otherwise would be determined by the Central Government after the detailed exploration is completed, having regard to factors such as the interest of conservation, safety, deployment of optimal technology for optimal extraction of coal, mine capacity, the earliest commencement of production, etc.

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- (viii) The existing coal linkages granted from CIL/SCCL would not be disturbed in any way with coal mined from **Gare Pelma Sector II** block
- (ix) Any violation of the conditions imposed above in mining and disposing of coal from the **Gare Pelma Sector II** coal block will render the mining lease liable for cancellation.

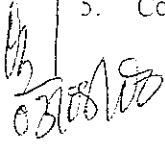
Yours faithfully,


(V.S. Rana)

Under Secretary to the Government of India

Copy to :

- 1. Secretary, Ministry of Power, Government of India, New Delhi.
- 2. CMD, Maharashtra State Mining Corporation Limited, Mumbai..
- 3. Secretary, Industry and Commerce, Government of Tamil Nadu, Channai.
- 4. Chairman, CIL, Kolkatta / CMD, CMPDIL, Ranchi ✓
- 5. Coal Controller / Office Folder.





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S.No.	EVENT	TIME LIMIT in months from '0' date
1.	Purchase of GR	1.5
2.	Mining Lease Application	3
3.	Mining Plan submission	6
4.	Mining Plan approval	8
5.	Previous approval application	11
6.	Previous approval	11
7.	Forest Clearance application	12
8.	Forest Clearance	18
9.	Environment Clearance Application	12
10.	Environment Clearance	18
11	Mining Lease grant	24
12	Land acquisition begin	9, 19
13	Land Acquisition	30, 36
14	Opening permission application	34, 40 for OC 46, 52 for UG
15	Opening permission grant	35, 41 for OC 47, 53 for UG
16	Production	36, 42 for OC 48, 54 for UG
17	Reaching Rated Capacity	

SHOW CAUSE NOTICE

No.13011/44/2012-CA-I
Government of India
Ministry of Coal

New Delhi, dated 4th May, 2012

To

- (i) M/s Tamil Nadu Electricity Board,
NP.K.R.R. Malligai, Electricity Avenue,
800 Anna Salai, Chennai- 600 002
- (ii) The Managing Director,
M/s Maharashtra State Mining Corporation LTd, MSMCL,
Udyog Bhawan, 3rd Floor, Civil Lines, Nagpur- 440 001

Subject: Show cause notice in respect of Gare Palma Sector -II coal block.

Sir,

I am directed to refer to this Ministry's letter No. 13016/23/2006-CA-I dated 02.08.2006 conveying allocation of Gare Palma Sector -II coal block in pursuance of the provisions contained in Section 3(3)(a) of the Coal Mines (Nationalization) Act, 1973, subject to certain conditions. One of the conditions of allocation was that coal production from the captive block shall commence within 36 months (42 months in case the area is in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) in case of UG mine from the date of allocation letter. The end- use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 3 months from the date of allocation.

2. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of the company. In the review meeting held on 11/12.01.2012, it was noticed that no serious efforts have been made by the company to develop the coal block, even after repeated assurances tendered by the Company during the period. It is also noted that all



the important/critical milestones such as grant of previous approval, Forest Clearance, EMP, Mining Lease and Land Acquisition are pending for Gare Palma Sector –II coal block. The company has repeatedly failed to keep its promises made to the Ministry and is thus non-serious about timely development of the block. The details of milestones to be achieved and the time lapsed against each milestone are given in the table below:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	2.11.2008 (27 Months)	Pending	3Yrs 4 Months (as on 3/2012)
Submission of Bank Guarantee	NA	-	
Mining Lease Application	2.2.2009	Pending	3Yrs 1 Months (as on 3/2012)
Submission of Mining Plan	2.5.2009	Pending	2Yrs 10 Months (as on 3/2012)
Approval of Mining Plan	2.7.2009	Pending	2Yrs 8 Months (as on 3/2012)
Application of Previous approval	2.9.2009	Pending	2Yrs 6 Months (as on 3/2012)
Granting of Previous approval	2.10.2009	Pending	2Yrs 5 Months (as on 3/2012)
Application of Forest clearance	2.11.2009	Pending	2Yrs 4 Months (as on 3/2012)
Grant of Forest Clearance	2.5.2010	Pending	1Yrs 10 Months (as on 3/2012)
Application EMP Clearance	2.11.2009	Pending	2Yrs 4 Months (as on 3/2012)
Grant of EMP Clearance	2.5.2010	Pending	1Yrs 10 Months (as on 3/2012)
Grant of Mining Lease	2.11.2010	Pending	1Yr 4 Months (as on 3/2012)
Application of Land Acquisition	2.6.2010	Pending	1Yrs 9 Months (as on 3/2012)
Completion of Land Acquisition	2.11.2011	Pending	4Months (as on 3/2012)
Application for opening permission	2.3.2012	Pending	-
Grant of Opening permission	2.4.2012	Pending	-
Coal Production	2.5.2012	Pending	-

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3. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately, to this Ministry within a period of 20 days from the date of issue of the show cause notice as to why the delay in the development of the coal block should not be held as violation of the terms and conditions of the allotment of Gare Palma Sector -II coal block, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken against your company for de-allocation of Gare Palma Sector -II coal block.



(Sandeep Gupta)

Under Secretary to the Govt. of India

Copy to The Coal Controller, Coal Controller Organisation, Kolkata.

Status Note

Gare Pelma Sector II

Sl No	Item	Remarks
1	Name of the Block	Gare Pelma Sector-II Coal Block
2	Name of the allocate	M/s Maharashtra State Mining Corporation Ltd. and M/s Tamil Nadu Electricity Board
3	Date of allocation	02.08.2006
4	End use plant and Capacity	Power
5	Important terms and conditions of allocation	A copy of allocation letter is enclosed.
6	Milestones of allocation and slippages against Milestone	Status note from CCO is enclosed
7	History Previous review / action	<p>In the review meeting held on 25/26.03.2008 it was noticed that the joint venture has not been formed. The allocatees failed to indicate definite programme for exploration and dates for finalization of JV, signing of MoU and JVA.</p> <p>In the review meeting held on 22/23.06.2009 it was noticed that the allocatees have not yet obtained PL for exploration of inspite of the passage of almost three years. It was observed that no serious efforts have been made by the allocatees to develop the block as per milestone chart. In the meeting it was directed that the JV should be completed by 15.07.2009.</p> <p>In the review meeting held on 20/21.07.2010 it was noticed that no serious efforts have been made to develop the block even after repeated assurances tendered by the companies during the period. It was noted that all the milestones were pending.</p> <p>In the review meeting held on 11/12.01.2012 it has been noticed that no serious efforts have been made to develop the coal block, even after repeated assurances tendered by the allocatees during the period. It was also noted that all the important/critical milestones such as grant of previous approval, Forest Clearance, EMP, Mining Lease and Land Acquisition were pending.</p>
8	Condonation of delay or extension of Zero date granted if any and permissible grace period if any whether any request for Condonation	No



	is pending with the Ministry	
9	Litigation any orders of the court, if any	No
10	Summary of reply of the company including reasons for delay	<p><u>The reasons for delay as given in presentation:-</u></p> <ul style="list-style-type: none"> ➤ Since the day of allocation, boundary of the Gare Palma Sector-II Coal Block was under dispute with the adjacent Coal Block Operators viz., M/s JSPL, Sarda Energy & Power Ltd, Goa Industrial Development Corporation and Chhattisgarh Mineral Development Corporation. ➤ On persuasion of MTCL, in the meetings on 21-01-2011 & 24-05-2011 Ministry of Coal advised CMPDI to survey and demarcate the boundary to resolve the dispute ➤ CMPDI conducted the survey and submitted a report to MoC. ➤ As directed by MoC vide minutes of the meeting on 09-11-2011 the dispute of boundary stands resolved. ➤ CMPDI was issued a <u>work order</u> on 26th Dec' 2011 for physical demarcation of the block boundary in the field. ➤ CMPDI conducted survey and finally demarcated the boundary and submitted a <u>report</u> on 04-06-2012. ➤ In the absence of the defined Block boundary, important activities viz., Completing the Detailed Exploration, Preparation of Geological Report, Land Scheduling and fixing location of Mine entries could not be taken up. ➤ As the Geological Report and Land Schedule were not ready, applications for Mining Lease, Forest Clearance, ToR/ Environmental Clearance and Land Acquisition were submitted subsequent to completion of Prospecting and receipt of geological report. It is needless to mention that these are the most important activities to develop any coal project.
11	Comments of MOC with the respect to issue pertaining to delay in purchase of GR, transfer of surface rights by coal companies, sanction of mining plan etc.	Mining Plan yet to be submitted. The boundary dispute was resolved by Ministry of Coal in March, 2012.
12	Investment/expenditure incurred	CA certificate is not furnished.

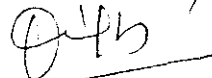


Coal Controller Office, MOC/Kolkata
Status of the captive Coal Block as on June'2012
 (as per quarterly report furnished by the Block owners)

1. Name of Company :- M/s Mahatamil Colliery Ltd. (JVC of MSMCL& TNEB)
2. Name of Coal Block :- Gare Palma Sector II (RE)
3. Date of Allocation :- 2.8.2006
4. Location :- Mand Raigarh, CG
5. Total investment (Proj.Cost) :- Not available
6. Investment made as on (6/12):-195.182 Crs
7. Reserve (Mill tonnes) :- 768 MT
8. Grade of coal :- D-F
9. Yearly rated capacity (MTPA):- Not available
10. Cost of GR :- 43.35 Crs
11. BG Amount :- Not applicable (BG not mentioned in the allocation letter because BG introduced for Govt block in June' 2007)
12. Explored/Un explored :- Regionally explored
13. Zero Date :- 2.8.06 (As per allocation letter).
14. Types of mine (OC/UG/MIX) :- Mixed
15. Type of EUP :- Commercial
16. Location of Project :- Maharashtra & Tamilnadu
17. Capacity of Project :- Not applicable
18. Previous Recommendation, if any- de-allocation

Details of milestone to be achieved and time lapsed against each milestone are as under:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM as on 06/2012	Remarks	Special observation
Purchase of GR	2.11.2008 (27 Months)	Pending	3Yrs 7 Months	Due to regionally explored	
Submission of Bank Guarantee	NA	-		BG introduce from June '2007 for govt Block.	
Mining Lease Application	2.2.2009 (3 months from GR)	Pending	3Yrs 4 Months		
Submission of Mining Plan	2.5.2009 (6 months from GR)	Pending	3Yrs 01 Month		
Approval of Mining Plan	2.7.2009 (8 months from GR)	Pending	2Yrs 11 Months		
Application of Previous approval	2.9.2009 (10 months from GR)	Pending	2Yrs 9 Months		
Granting of	2.10.2009	Pending	2Yrs 8 Months		

Prepared by


Checked by



कोयला नियंत्रक
 COAL CONTROLLER



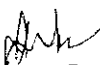
Previous approval	(11 months from GR)				
Application of Forest clearance	2.11.2009 (12 months from GR)	Pending	2Yrs 7 Months		
Grant of Forest Clearance	2.5.2010 (18 months from GR)	Pending	2Yrs 01 Month		
Application EMP Clearance	2.11.2009 (12 months from GR)	Pending	2Yrs 7 Months		
Grant of EMP Clearance	2.5.2010 (18 months from GR)	Pending	2Yrs 01 Months		
Grant of Mining Lease	2.11.2010 (24 months from GR)	Pending	1Yr 7 Months		
Application of Land Acquisition	2.6.2010 (19 months from GR)	Pending	2Years		
Completion of Land Acquisition	2.11.2011 (36 months from GR)	Pending	8 Months		
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Grant of Opening permission	2.4.2012 (41 months from GR)	Pending	3 Months		
Production	2.5.2012 (42 months from GR)	Pending	2 Months	Considering that prod. from OC will be started first.	

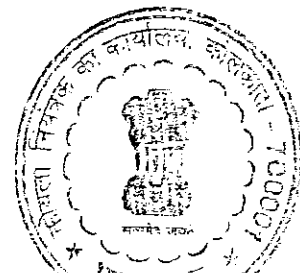
Other details and constraint faced by the block allocates

PL: - JVC formed in the name of Mahatamil Colliery Ltd.
MOC has granted previous approval for PL.
MECL (Mineral Exploration Corp. Ltd) started drilling from April, 2010
Drilling completed in Feb.2012 at the depth of 73997 mts. And
GR was expected by July,2012 .

Prepared by


Checked by



A. S. S.
CONTROLLER



Expenditure Incurred on the Project till 30-09-2012

S. No	Description	Amount in Crore Rs.
1	Exploration Charges	45.88
2	Ernest Money deposit to MTCL	40.00
3	Technical Knowhow	32.54
4	Employee cost	10.75
5	Consultancy and Certification Charges	2.25 (1.86 + 0.39)
6	BG Commission Charges	0.99
7	Other Admin Expenses	4.36
8	Office expenses and Furniture	0.15
9	Other Advances	0.09
10	Total Cost	137.01

Note: In addition to above a Bank Guarantee for Rs.60 Crores was given to Maha Tamil Collieries Limited.

1. Name of Company:- **M/s Maharashtra State Mining Corporation & Tamil Nadu State Electricity Board**
2. Name of Coal Block:- **Gare Pelma Sector -II (Regionally Explored)**.
3. Date of Allocation:- **02.08.2006**
4. Normative Date of production:- **02 05.2012 (as per allotment letter)**
5. Status of Mine Plan:- **MP pending**
6. Yearly Rated Capacity:- **23.6 MTPA (Subject to approval of Mining Plan, which is under submission to MOC) as reported by the company**
7. Grade of Coal:- **Average "F" as reported by the company**
8. BG Amount:- **To be determined on the basis of one year royalty as recommended by IMG**

9. **Recommendation:** Taking into account all factors, the IMG did not consider it appropriate to recommend de-allocation of the coal block at this stage and recommended that the allocate may be permitted to continue holding the block only on submission of BG equivalent to one year royalty for adherence to milestones. IMG further recommends that the BG may be submitted within a period of three months from the date of issue of letter in this regard failing which the block may be de-allocated.

In absence of Mine Plan of the coal block which is not yet approved, calculation of amount of BG to be submitted by the allocate company is made on the basis of information received from the company.

Average Grade of coal of the block as reported by the company = F
GCV Range for F grade coal as per MOC's chart = 3865 to 4324 Kcal/Kg (copy enclosed)
Average GCV for F grade coal = $(3865+4324)/2$ Kcal/Kg = 4094.5 Kcal/Kg
Price/Ton^e for GCV of 4094.5 kcal/kg = Rs. 640/- (As per CIL Notification No. CIL:S&M:GM (F):Pricing:1965 dt.31.01.2012)(copy enclosed)
Royalty/Ton^e = $Rs. 640 \times 14\%$ = Rs. 89.6 (Royalty rate = price \times 14% as per gazette notification No. G.S.R.349(E) dt.10.05.2012)
The Royalty for Peak rated capacity of 23.6 MT/year = $Rs. 89.6 \times 23.6$ = Rs 2114.56 Million = Rs. 211.456 Crore

Bank Guarantee on the basis of one year royalty = **Rs. 211.456 Crore (Rupees two hundred eleven crores forty five lakhs and sixty thousand only)**

B. Bal

H. Mishra

